**Section A**

**Answer any two questions:**

**1.**

a. Define the term organic growth (2)

b. Outline a possible interest of one of RDB’s external stakeholder. (2)

c. Assess Anna’s decision to change the RDB t public limited company. (4)

d. With reference to external environment, to what extent will the proposed “green” approaches to manufacturing suggested by Anna will be a success for RDB? (7)

**2.**

a) “Valdemar, like his father had a paternalistic leadership style-though he could occasionally be autocratic, especially when the workers’ collective bargaining agreements were being negotiated.” Explain how autocratic leadership style might affect job satisfaction and productivity. (4)

b) Explain the features of organizational structure of RDB. (4)

c) Discuss the changes suggested for the workforce planning in “RDB 2020”. (7)

**3.**

a)Anna has prepared a strategic business plan for RDB. Identify four elements of this plan. (4)

b) Explain two areas of conflict between any two stakeholder groups of RDB. (4)

c) Examine the importance to RDB of adopting a total quality management (TQM) approach. (7)

**Section B**

**Answer the compulsory questions:**

**4.**

1. Define the term working capital cycle. (2)
2. Outline the importance of information and communication technology (ICT) to make effective communication (3)
3. Using Porter’s generic strategies, evaluate the performance of RDB under Henrik’s supervision? (7)
4. Using Lewin’s force field analysis,discuss the views of Valdemar and Anna about the “RDB 2020”. (8)

**Section C**

**Answer the compulsory question from this section.**

**5.**

6 months later….

Anna’s scientific thinking and careful study of external environment helped to bring a change in RDB.She was awarded a prize for her “green” approach. Though Valdemar still feels that his ideas were better.”RDB 2020” was implemented by Anna after considering the Valdemar’s suggestions. She has planned to start expansion from eastern India. She sent one of her trusted manager Mr.Bell to visit India where he met representatives of the eastern India Ball Bearing Merchants association (EIBBMA). After a detailed market research, he prepared a report.

*The following are key findings of Mr.Bell’s report:*

There is abundant supply of skilled and unskilled laborers in India. Even the minimum wage rate and other employee protection laws are favoring the decision.

Automobile industry is creating a wide range of products for Indian market and after adoption of liberalization these products are exported to other countries too.

Lack of Knowledge of the local market will be an important factor as there are many local small businesses and multinationals which are already operating in the industry.

The corporate culture need to be changed.

This will help in reducing the delivery time and improve the distribution and logistics which may also shorten the working capital cycle.

A special recommendation of making a partnership with a local business was made.

1. Identify **two** secondary sources of market research that the manager could use to

understand the Indian Ball bearing market. (2)

1. Analyse the role of budgets and variance in the strategic planning of RDB. (7)

c. Examine how the use of porter’s five forces model can help RDB understand its competitive position before it enters Indian market. (9)

d. Using a decision making framework and using information contained in the case study and items 1-4, evaluate RDB’s expansion to the Eastern India and its possible partnership with a local firm.

(12)

**Additional Information**

***Item 1-Extract from an Indian newspaper-The Business line***

The ball bearing industry might witness a flat or even a negative growth this year on account of a slowdown in demand across various sectors in the domestic market due to the high inflation.The industry had posted a 30-32 per cent growth last fiscal, according to Mr Shashi K Shah, President, Eastern India Ball Bearing Merchants Association (EIBBMA).

“Though our growth was good during the first few months of this fiscal, however, it has dropped significantly over the last two months. If this trend remains, we fear that the industry might register a flat or negative growth this year,” Mr Shah said while talking to newspersons on the sidelines of the 43rd annual general meeting of EIBBMA.

The total demand for ball bearing in the country was pegged at around Rs 7,500 crore and close to 65-70 per cent of it came from the automotive sector, he said. He added, “The automotive industry is witnessing a terrible slowdown and this has impacted our sales as well.”

The association is also anticipating a slowdown in exports on account of the recent crisis in the Euro Zone and the global recession. “Europe and the US are the two major countries where our products are exported. The global economic slowdown will affect exports,” he said.

***Item 2 -Extract from-The Swedish Wire***

[SKF reviewed as EU probes ball bearings industry](http://www.swedishwire.com/business/11900-skf-reviewed-as-eu-probes-ball-bearings-industry)

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European anti-trust authorities launched surprise inspections Tuesday in companies that produce ball bearings for the automotive industry in several European Union states."The (European) Commission has concerns that the companies concerned may have violated EU antitrust rules that prohibit cartels and restrictive business practices," the EU's competition watchdog said in a statement.

The commission did not reveal the name or location of the companies that were inspected, but industry leader SFK of Sweden revealed that its facilities in Gothenburg, Sweden, and Schweinfurt, Germany, were visited by inspectors. The EU officials were gathering information "about possible anti-competitive behaviors among certain bearing manufacturers," SFK said.

"SKF has a strict Code of Conduct which prohibits anti-competitive behaviours and is cooperating fully with the investigation," the company said.

The commission said the aim of the investigation is to "clarify the facts concerning the possible participation by the producers of bearings in agreements and/or concerted practices" and establish if EU rules were broken.The EU's executive arm stressed that such inspections are preliminary steps into suspected anti-competitive practices and "does not mean that the companies are guilty of anti-competitive behaviour."

***Item 3 -Extract from Global Auto market outlook***

Europe is seeing a simultaneous contraction in volumes and intensifying price competition amid a lack of progress in cutting capacity despite demand falling for five straight years through 2012. The market is expected to remain difficult for most global automakers given uncertainties over whether they will be able to push through plant closures and layoffs in the face of political and social resistance.

In India, as in China, automakers' margins are under pressure. While analysts expect ongoing firmness in some segments such as utility vehicles and light commercial vehicles, supported by new model launches, in the passenger car segment - which accounts for two-thirds of the auto market (excluding large commercial vehicles) - they expect weak demand amid deterioration in the macro environment and rising fuel prices.

***Item 4 - Proposed budget for expansion to India (in Danish currency)***

1. Without partnership Danish Krone(DKK)

Sales revenue 765000

Fixed cost 465000

Variable cost per 100 bearings 5

Profit 210000

1. With partnership Danish Krone(DKK)

Sales revenue 865300

Fixed cost 545000

Variable cost per 100 bearings 4.5

Profit 340000

Note-Questions are formed on the basis of past exam papers.